

Message Text

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51

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 FSE-00 ABF-01 AID-05 CIAE-00

COME-00 EB-06 FRB-01 INR-07 NSAE-00 RSC-01 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-03 SIL-01 OMB-01 /053 W

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P R 291700Z OCT 74

FM AMEMBASSY BELGRADE

TO SECSTATE WASHDC PRIORITY 990

INFO DEPT OF TREASURY WASHDC PRIORITY

AMCONGEN ZAGREB

UNCLAS BELGRADE 5365

PASS FEDERAL RESERVE

E.O. 11652: N/A

TAGS: EFIN, YO

SUBJECT: SEVEN PERCENT INCREASE IN EFFECTIVE DINAR
EXCHANGE RATE

1. NATION BANK GOVERNOR COLANOVIC ANNOUNCED AFTER-
NOOD OCTOBER 29 THAT EFFECTIVE DINAR EXCHANGE RATE
WOULD INCREASE BY SEVEN PERCENT OCTOBER 30 MORNING
VIS-A-VIS ALL CONVERTIBLE CURRENCIES.

2. DOLLAR-DINAR RATE WILL INCREASE FROM 16.10 TO 17.20.

3. JUST AS THROUGH PAST 16 MONTHS, DAY-TO-DAY EXCHANGE
RATES FOR DINAR WILL NOT BE MAINTAINED WITHIN ANY GIVEN
MARGINS.

4. DINAR OFFICIAL PAR VALUE REMAINS AT 17 TO ONE
DOLLAR; 20.508 TO ONE SDR.

5. COLANOVIC STATED EXCHANGE RATE ADJUSTMENT
DESIGNED TO STIMULATE YUGOSLAV PRODUCTION FOR
EXPORT, AND CURB IMPORTS.

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6. COMMENT: EFFECTIVE SEVEN PERCENT DEVALUATION

REPRESENTS SECOND RECENT INITIATIVE--FOLLOWING
MODERATE IMPORT CURBS IN AUGUST--TO DEAL WITH
BALANCE OF PAYMENTS (CURRENT ACCOUNT) DEFICIT WHICH
IS NOT EXPECTED TO BE AROUND ONE BILLION DOLLARS.
TOON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN EXCHANGE RATES, DINAR
Control Number: n/a
Copy: SINGLE
Draft Date: 29 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BELGRA05365
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740308-0116
From: BELGRADE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741011/aaaaajaa.tel
Line Count: 68
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 15 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 MAR 2002 by chappeld>; APPROVED <11 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SEVEN PERCENT INCREASE IN EFFECTIVE DINAR EXCHANGE RATE
TAGS: EFIN, YO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005